

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7335

BILL NUMBER: SB 326

DATE PREPARED: Apr 6, 1999

BILL AMENDED: Apr 5, 1999

SUBJECT: Motor vehicle franchise transfers procedure.

FISCAL ANALYST: James Sperlik

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides for transactions involving the transfer of a new motor vehicle franchise by a franchisee. It provides for manufacturer or distributor approval of the transferee. The bill gives manufacturers and distributors a right of first refusal to acquire a franchise under certain circumstances. It prohibits manufacturers and distributors from certain unfair practices regarding new motor vehicle dealers, franchisors, and franchisees.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: (Revised) The bill prohibits manufacturers, distributors, and agents from certain unfair practices regarding new motor vehicle dealers or franchisees. Violation of IC 9-23-3 (The Unfair Practices Act) is a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the State General Fund could increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, county or municipal court (courts of record), 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the State General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the State General Fund.

Explanation of Local Expenditures: A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the

county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed, and if collected would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected:

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: